

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT General Services	(2) MEETING DATE 12/18/2012	(3) CONTACT/PHONE Guy Savage, Deputy Director–General Services Agency (805) 781-5200	
(4) SUBJECT Request to approve a contract with EMC Corporation (Clerk's File) in the amount of \$1,620,213 for professional services and software to modernize the County's property tax system. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board approve a contract with EMC Corporation in the amount of \$1,620,213 for professional services and software to modernize the County's property tax system and instruct the Chairperson to sign.			
(6) FUNDING SOURCE(S) Fund Center 266	(7) CURRENT YEAR FINANCIAL IMPACT \$1,620,213	(8) ANNUAL FINANCIAL IMPACT \$82,869	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Board Business (Time Est. _____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) 1900218		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input checked="" type="checkbox"/> N/A Date _____	
(17) ADMINISTRATIVE OFFICE REVIEW Vincent Morici			
(18) SUPERVISOR DISTRICT(S) All Districts -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: General Services / Guy Savage, Deputy Director-General Services
Tom Bordonaro, Assessor
Gere Sibbach, Auditor-Controller
Art Bacon, Acting Treasurer-Tax Collector-Public Administrator

DATE: 12/18/2012

SUBJECT: Request to approve a contract with EMC Corporation (Clerk's File) in the amount of \$1,620,213 for professional services and software to modernize the County's property tax system. All Districts.

RECOMMENDATION

It is recommended that the Board approve a contract with EMC Corporation in the amount of \$1,620,213 for professional services and software to modernize the County's property tax system and instruct the Chairperson to sign.

DISCUSSION

The County's Property Tax System is a critical application which is relied on by all property owners and taxing entities in the County of San Luis Obispo. Property tax collections and distributions are essential to supplementing budgets for local agencies such as cities, special districts, and schools. These local agencies provide valuable services to the citizens in various communities located within the County of San Luis Obispo.

The County's property tax system is comprised of approximately 4,160 software programs that make up the 5 primary applications which run on the County's mainframe. Early portions of the system were first developed in the 1970s and the system has been modified and enhanced ever since. The system's applications share software code and databases specifically designed to run in a mainframe environment. Due to this heavy sharing of code and databases, the applications are viewed as one, large, integrated system. The proposed contract with EMC Corporation will move the application code and data from the mainframe environment to a more cost effective computing environment based on Intel servers and standard Microsoft operating systems and databases. Simultaneously, the software code will be upgraded so that it can be supported using modern development tools and techniques.

The Board of Supervisors adopted Gartner 2002 Information Technology Strategic Plan recommended that the County move off of the mainframe and onto a Windows/Intel and Microsoft Corporation-based commercial off the shelf applications and platforms.

The County of San Luis Obispo Information Technology Strategic Plan of 2008 included several initiatives including a final one to "Document the agreed approach to implementing a new Property Tax System." This initiative was completed in FY 2010-11 and recommended that the County 'modernize' the property tax system by moving it to a new computing environment.

On April 11, 2012, the County released a Request for Proposal (RFP) to select a vendor who could provide the best overall value for the County to modernize the property tax system. On September 6, 2012, a team made up of the primary system users from the Assessor, Auditor-Controller, and Treasurer-Tax Collector-Public Administrators offices and the GSA-IT support team recommended Tiburon Technologies as the vendor with the experience and tools needed for this project. The project steering committee, comprised of the respective department heads plus the Administrative Office, accepted the team's recommendation and directed the project manager to begin contract negotiations with Tiburon Technologies. Subsequent to the selection of Tiburon Technologies in September, EMC Corporation purchased Tiburon Technologies as a wholly-owned subsidiary and the County negotiated the attached contract with EMC Corporation. We

do not believe the purchase of Tiburon Technologies by EMC Corporation will impact the project. This contract will be effective from December 18, 2012 through June 30, 2016 for system modernization. The contract includes code and data conversion, training, and an 18-month warranty period. The actual code and data conversion is expected to take 14-24 months and training will be provided throughout the conversion process. The modernized system will support all the features and access to data currently used by County and public users today.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel has reviewed the contract as to form and legal effect. County staff from the Assessor, Auditor-Controller, Treasurer-Tax Collector-Public Administrator, and Information Technology offices worked together to define the requirements, prepare the RFP (RFP #1175), and review the vendor responses.

FINANCIAL CONSIDERATIONS

Two separate appropriations have been made to the Countywide Automation Replacement Fund reserves, Fund Center 266, as part of annual budget processes. In FY 2011-12, \$1,577,000 was appropriated for a vendor contract (\$1,500,000) and associated hardware and software costs (\$77,000). In FY 2012-13, \$2,477,500 was appropriated for 7.5, limited term, backfill positions in the Assessor, Auditor-Controller, and Treasurer-Tax Collector-Public Administrator offices. The limited term backfill positions will free existing staff who will be working on the project for approximately two and a half years. The staff is distributed as follows:

- Assessor 4.5 FTE
- Auditor-Controller 2.0 FTE
- Treasurer-Tax Collector-Public Administrator 1.0 FTE

Total appropriations for the project are:

FY 2011-12	\$1,577,000
FY 2012-13	\$2,477,500
Total	\$4,054,500

The original vendor contract costs were initially estimated at \$1,500,000 in FY 2010-11. As noted in the contract, the negotiated final costs related to the vendor contract exceed this estimate by \$120,213 for a total of \$1,620,213.

No additional funds are being requested at this time. It is believed that savings created due to the timing of recruitments for the backfill positions may be sufficient to cover the additional contract costs. Should additional funds be needed, an item will be brought before your Board. Given that the backfill positions are intended to cover a period of 2.5 years, it is not expected that such an item would come to your Board before FY 2014-15.

There are on-going, annual maintenance costs related to software that will be used to support the new system of \$82,869. These costs will be funded in Information Technology, FC 114, and are offset by reduced mainframe costs.

RESULTS

Moving the property tax system off the current mainframe platform will reduce costs associated with the current mainframe base environment and provide a database and software development environment which makes property tax system ongoing maintenance, enhancement, and development easier and more cost-effective. The approved FY 2012-13 budget shows that a \$400,000 per year decrease in mainframe equipment and software operating costs will be achieved by completing this project. Overall, it is expected that the elimination of the mainframe environment will result in a total, annual savings between \$500,000 and \$900,000.

The citizens of the County will benefit from the project in the form of a more cost-effective service. They will also gain eventual advantages resulting from any future functionality enhancements. Although no functionality changes or enhancements will be made as part of the modernization project, the new computing environment will make it easier to modify and improve the property tax applications. For example, the modernization will make it easier to apply timely changes in response to new California legislation and regulatory requirements for administering property tax collection, processing and distribution. This in turn contributes to the County goal of a well-governed community by making high-quality "results oriented" services that are responsive to community desires. The project is expected to extend the life of the current system by a minimum of 10 years.

ATTACHMENTS

1. Contract with EMC Corporation – Clerk's File